



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Jacques M. Roy, Mayor
City of Alexandria
P.O. Box 71
Alexandria, LA 71309

We have performed the procedures enumerated below, which were agreed to by you and the Legislative Auditor, State of Louisiana, solely to assist you in determining if the established controls, policies and procedures over the public facility rentals are effective and will provide safeguards to prevent or detect fraud for the period between May 1, 2010 and December 31, 2010. The City of Alexandria's Building Services Superintendent is responsible for the public facility rentals. This agreed-upon procedure's engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or for any other purpose.

Our procedures, findings and recommendations are as follows:

1. Procedure - We will request from the City of Alexandria all records of events booked between May 1, 2010 and December 31, 2010, including, but not limited to, signed contracts, photocopies of the checks received, receipts, billed invoices, bank statements, the general ledger, and access to the event software.

Findings – We received the above information from the City of Alexandria's personnel with these exceptions:

- One signed contract was not available.
- Supporting documentation related to the listing of deleted events generated from the Event Software, including any notes made to explain the reason for deletion was not available.

Recommendations - We recommend the following:

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/18/11

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PAYNE MOORE & HERRINGTON, LLP

Jacques M. Roy, Mayor
City of Alexandria
Page 2 of 4

- All contracts received should be signed by both the customer and by an authorized City of Alexandria employee.
 - The ability to delete events should be removed from the Event Software. This recommendation was discussed with the Building Services Superintendent and the Administrative Secretary and was implemented on March 11, 2011.
2. Procedure - We will perform procedures necessary to obtain a complete listing of all events booked between May 1, 2010 and December 31, 2010.

As per our agreed-upon procedures, we were able to attain a complete listing of all events, including requested, tentative, suspended, cancelled, booked, and deleted events.

Findings – None.

Recommendations – None.

3. Procedure - We will select a sample from this listing to review receipts to determine, based on the availability of records, that a signed event contract was obtained; the customer was billed; a check or money order was received from the customer; the customer service department issued a receipt for funds deposited; funds were deposited into the bank; and rental revenue was recognized in the applicable general ledger account.

Findings – We tested a sample of booked events and noted the following exceptions:

- One customer was not charged a fee because it was classified as a nonprofit organization without providing a 501(c) 3 IRS determination letter as supporting documentation. This letter was subsequently received from the customer on March 11, 2011, as a response to the City's request.
- Two partial payments were received without written documentation of approval by the Building Services Superintendent or by the Administrative Secretary, as required by the City's established policies and procedures and provided by management.
- Three instances were noted in which deposits were not made daily.
- Per discussion with management, we were informed that all undeposited daily receipts are not locked in a secure location.



PAYNE, MOORE & HERRINGTON, LLP

Jacques M. Roy, Mayor
City of Alexandria
Page 3 of 4

Recommendations – We recommend the following:

- Personnel should obtain a 501(c) 3 IRS determination letter prior to providing the facility at no cost to the customer, as stated in the Code of Ordinances 26.1.
 - Partial payments and all other nonroutine transactions should be approved by the Building Services Superintendent or the Administrative Secretary and should be documented in writing as stated in the City's established policies and procedures.
 - Facility rental deposits should be made daily in accordance with R.S. 39:1212, whenever practicable. If impractical, we recommend that undeposited receipts be locked in a secure location with limited access pending subsequent deposit.
4. Procedure - We will perform procedures necessary to review refunds issued and made by check to determine, based on availability of records, that approval was obtained; the correct refund amount was issued; the check was issued out of the applicable bank account; and the payment was posted to the applicable general ledger account.

Findings – From the sample of cancelled events tested, we noted that four events were cancelled after the allowable period stated in City's policies and procedures, as provided by management.

Recommendations – We recommend that the City of Alexandria's personnel follow their established policies and procedures which provide the following:

- An event should be classified as tentative for a period of seven days beginning with the event request date.
- If payment and a signed contract are not received by the seventh day, the event should be reclassified as a suspended event. On the day an event is move to the suspended status, a cancellation letter should be mailed to the customer.
- If payment and a signed contract are not received by the suspension date, the event is then moved to cancellation status.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the public facility rentals of the City of Alexandria. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



PAYNE, MOORE & HERRINGTON, LLP

Jacques M. Roy, Mayor
City of Alexandria
Page 4 of 4

This report is intended solely for the information and use of the City of Alexandria and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

March 25, 2011

A handwritten signature in cursive script that reads "Payne, Moore & Herrington, LLP".

Payne, Moore & Herrington, LLP



Suzanne H. Elliott, CPA
Engagement Manager
Louisiana Legislative Auditor

Dear Suzanne:

The following is a list of the recommendations of our auditors, Payne, Moore, and Herrington and the City of Alexandria's responses thereto. They relate to the PMH report on applying agreed upon procedures dated March 25, 2011.

In October 2010, the City's Public Building Department revamped its policies regarding public building rental. The new policies are more restrictive and reflect better internal controls that will adhere to the auditor's recommendations.

RECOMMENDATION:

All contracts received should be signed by both the customer and by an authorized City of Alexandria employee.

RESPONSE:

One of 3 authorized employees will sign each contract.

RECOMMENDATION:

The ability to delete events should be removed from the Event Software. This recommendation was discussed with the Building Services Superintendent and the Administrative Secretary and was implemented on March 11, 2011.

RESPONSE:

Removal of the ability from the software was approached with the software vendor. It was determined to be too costly, so as an alternative, the ability was removed from all but one user, the Department Superintendent, who does not have to ability to book events. As a practice, no deletions will be entered.

RECOMMENDATION:

Personnel should obtain a 501(c) 3 IRS determination letter prior to providing the facility at no cost to the customer, as stated in the Code of Ordinances 26.1.

RESPONSE:

Determination letter will be scanned into the record in the events booking software.

RECOMMENDATION:

Partial payments and all other nonroutine transactions should be approved by the Building Services Superintendent or the Administrative Secretary and should be documented in writing as stated in the City's established policies and procedures.

RESPONSE:

The Building Services Superintendent or the Administrative Secretary will approve all partial payments and any other nonroutine transactions.

David L. Johnson

Asst. Director of Finance

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Jacques M. Roy
Mayor



RECOMMENDATION:

Facility rental deposits should be made daily in accordance with R.S. 39:1212, whenever practicable. If impractical, we recommend that undeposited receipts be locked in a secure location with limited access pending subsequent deposit

RESPONSE:

Deposits will be made on a daily basis when practical. Otherwise, they will be locked in a secure and discreet location.

RECOMMENDATION:

An event should be classified as tentative for a period of seven days beginning with the event request date.

RESPONSE:

Events will be classified as tentative for the seven days beginning with the event request date as described in the amended procedures.

RECOMMENDATION:

If payment and a signed contract are not received by the seventh day, the event should be reclassified as a suspended event. On the day an event is move to the suspended status, a cancellation letter should be mailed to the customer.

RESPONSE:

If the payments and the signed contract are not received by the seventh day, the event will be classified as suspended and a cancellation letter mailed to the customer.

RECOMMENDATION:

If payment and a signed contract are not received by the suspension date, the event is then moved to cancellation status

RESPONSE:

If payment and signed contract are not received by the date of suspension, the event will be considered and classified as suspended.

Sincerely,



David Johnson
Asst Director of Finance